

# **NEWS RELEASE**

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**FOR IMMEDIATE RELEASE**

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# **SCAM ALERT**

## **CDs vs. "Pooled Certificates"**

(Phoenix, AZ–August 12, 2003) Arizona Attorney General Terry Goddard is warning Arizona residents of several advertisements that are appearing in valley newspapers offering high yield "FDIC Insured Bank CDs." Several consumers have filed complaints with the Attorney General's Office in response to such advertisements and being sold products that were not individual certificates of deposit, but rather group certificates.

These group certificates, sometimes known as "pooled certificates" have different features and protections than individual certificates of deposit. In some cases, pooling of monies into a group certificate can limit the individual investor's ability to cash out their contribution prior to the certificate's maturity, often a period of many years.

With interest rates so low, consumers are always on the lookout for the highest return on their investments. However, in some cases unscrupulous salespeople are selling pooled certificates without disclosing the differences between those and individual certificates.

In a related issue, some advertisements are creating the appearance of offering a higher return rate by calculating into the return rate some form of "bonus" consumers are paid up front. For example, if a consumer is "paid" \$50.00 for moving a certificate of deposit from one investment company to another, that \$50.00 is then calculated into the return rate advertised by the company and artificially raises the rate.